

GILLIAM, WHARRAM & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Independent Auditor's Report

Board of Trustees
Cleburne Independent School District
505 N. Ridgeway Dr., Suite 100
Cleburne, Texas 76033

Members of the Board:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cleburne Independent School District (the District) as of and for the year ended August 31, 2008. These collectively comprise the District's basic financial statements. We have issued our report on them dated February 16, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Cleburne Independent School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of Cleburne Independent School District's internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of Cleburne Independent School District's internal control over financial reporting. Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency or combination of control deficiencies that adversely affects the entity's ability



to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principals such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider finding 2008-1 in the accompanying schedule of findings and questioned costs to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and accordingly would not necessarily disclose all significant deficiencies that are considered to be material weaknesses. However we believe that the significant deficiency described above is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cleburne Independent School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as findings 2008-2 through 2008-14.

We noted certain matters that we have reported to the administration of Cleburne Independent School District in a letter dated February 16, 2009.

Cleburne Independent School District's response to the findings identified in our audit are described in the accompanying corrective action plan. We did not audit the District's response and, accordingly, express no opinion on it.

This report is intended for the information of the District's trustees, the administration, Texas Education Agency, federal awarding agencies and pass-through entities, and is not intended to be used and should not be used by anyone other than these specified parties.



Gilliam, Wharram & Co., P.C.
February 16, 2009

GILLIAM, WHARRAM & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Independent Auditor's Report

Board of Trustees
Cleburne Independent School District
505 N. Ridgeway Dr., Suite 100
Cleburne, Texas 76033

Members of the Board:

Compliance

We have audited the compliance of Cleburne Independent School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended August 31, 2008. The District's major federal programs are identified in the results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Cleburne Independent School District's administrators. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Cleburne Independent School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Cleburne Independent School District's compliance with those requirements.

As described in findings 2008-4 through 2008-14 in the accompanying schedule of findings and questioned costs, Cleburne Independent School District did not comply with requirements regarding allowable costs; eligibility; procurement, suspension, and



debarment; and reporting that are applicable to its major federal programs. Compliance with such requirements is necessary, in our opinion, for the District to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, Cleburne Independent School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended August 31, 2008.

Internal Control Over Compliance

The administration of Cleburne Independent School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion of the effectiveness of internal control over compliance. Accordingly we do not express an opinion on the effectiveness of the District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the District's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency or combination of control deficiencies that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We considered the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as finding 2008-1 to be a significant deficiency.

A material weakness is a significant deficiency or a combination of significant deficiencies that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We did not consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness.

Cleburne Independent School District's responses to the findings in our audit are described in the accompanying corrective action plan. We did not audit Cleburne Independent School District's response and accordingly express no opinion on it.

This report is intended for the information and use of the District's trustees, the administration, Texas Education Agency, federal awarding agencies and pass-through entities and is not intended to be used and should not be used by anyone other than these specified parties.

Gilliam, Wharram & Co., P.C.

Gilliam, Wharram & Co., P.C.
February 16, 2009

CLEBURNE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2008

I. Summary of the Auditor's Results:

1. The type of report issued on the financial statements of the Cleburne Independent School District was an unqualified opinion.
2. One significant deficiency in internal control was disclosed by the audit of the financial statements. It was not considered to be a material weakness.
3. The audit disclosed no instances of noncompliance which are material to the financial statements of the auditee.
4. One significant deficiency in internal control over major programs was disclosed by the audit. It was not considered to be a material weakness.
5. The type of report the auditor issued on compliance for major programs was a qualified opinion.
6. The audit disclosed findings which the auditor is required to report under Section __.510(a).
7. The major programs were Adult Education (ABE); ESEA Title I, Part A; IDEA - Part B Formula and Preschool; and ESEA Title II, Part A.
8. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
9. The auditee did not qualify as a low-risk auditee.

II. Findings Relating to the Financial Statements Which Are Required To Be Reported in Accordance with *Generally Accepted Government Auditing Standards*.

2008-1: Disbursements

Condition: A lack of effective internal control over expenditures was identified which is considered to be a significant control deficiency. Audit testing identified several disbursements with the following deficiencies:

- 1) Purchase orders with no date or dated after the invoice (77), no business office approval (21), handwritten alterations (6), items with no purchase order (6), amounts on the invoice exceeding the purchase order amount (11), account coding differences between the purchase order and general ledger (10), no account coding shown on the purchase order (15).
- 2) Pre-acquisition forms: dated after the invoice date (3), no business office approval (55), items with no pre-acquisition form (51).
- 3) Account coding errors on the general ledger: incorrect object code (19), incorrect sub-object code (1), and incorrect organization/campus code (10).

Criteria: Purchases should be properly approved, supported by appropriate documentation, and coded to the correct account.

Perspective Information: Three-hundred thirty disbursements were tested.

Cause: Established internal control procedures were not followed or enforced.

Effect or Potential Effect: Unauthorized disbursements could be made.

Recommendation: The District has begun implementing changes to its internal control procedures related to disbursements. These procedures should be communicated to all employees and strictly adhered to.

2008-2: Budgeting

Condition: General fund expenditures exceeded appropriations in several functional areas. Child nutrition and debt service fund expenditures also exceeded appropriations.

Criteria: School districts are legally required to appropriate funds prior to expenditures.

Perspective Information: Budgeted expenditures in the general fund totaled \$50,407,354. The functional areas with overages in the general fund were student transportation (\$58,563), co curricular/extracurricular activities (\$8,948), facilities maintenance and operations (\$371,937), security and monitoring services (\$12,340), data processing services (\$10,813), community services (\$25,220), and debt service principal (\$5,881). A \$64,376 transfer out to the campus activity fund was also not budgeted. Total budgeted expenditures in the Child Nutrition fund were \$2,906,059, with an overage in the food services function (\$157,145). In the debt service funds, total budgeted expenditures were \$4,997,808, with overages in debt service principal (\$212,640) and bond fees (\$78,265).

Cause: Lack of oversight over the budgeting function. There may also have been unanticipated year-end adjustments made to the expenditure accounts after the final budget amendments were made.

Effect or Potential Effect: Expending funds outside of budgetary authority constitutes a violation of state law.

Recommendation: Budgets should be monitored throughout the year. If a budget requires adjustment, the amendment to the budget is required to be approved prior to expending the funds.

2008-3: Program

Adult Education (ABE) – State
Temporary Assistance for Needy Families – State
Life Skills Program for Student Parents
Optional Extended Year Program

Grant No.
80100017110174
80110017110161
8106401126903
8100301126903

Accelerated Reading/Math Instruction
Texas Education Excellence Grant

8024001126903
80291017110172

Grant Period 9/1/07 to 8/31/08
Texas Education Agency

Condition: Final expenditure reports, due to the Texas Education Agency by October 15, 2008 for programs ending August 31, 2008, were filed November 14, 2008.

Criteria: Expenditure reports should be filed on a timely basis.

Perspective Information: None of the reports were filed timely.

Cause: The Texas Education Agency notified the District on July 22, 2008 that it was being identified as a high-risk grantee, requiring that all expenditure reports be accompanied by supporting documentation for all grant expenditures. The compiling of this volume of information took additional time.

Effect or Potential Effect: The awarding agency could have chosen not to reimburse the expenditures that were not submitted timely.

Recommendation: Funds requested with the final reports have all been received. Effective January 2, 2009, the high-risk grantee status has been lifted. Future expenditure reports should be filed on a timely basis.

2008-4: Program

Adult Education (ABE) - Federal
Adult Education (ABE) - English & Civics
ESEA Title I, Part A
IDEA – Part B, Formula
Career and Technical
IDEA – Part B, Preschool
ESEA Title IV – Safe and Drug-Free Schools
Title V, Part A – Innovative Programs
Title II, Part D – Enhancing Education through Technology
Title III, Part A – English Language Acquisition
ESEA Title II, Part A – Teacher and Principal Training
Temporary Assistance for Needy Families

Grant No.
84100017110012
84100087110044
8610101126903
866000112690366
842000612690311
866100112690366
8691001126903
8685001126903
8630001126903
8671001126903
8694501126903
83625017110107

Grant Period 7/1/07 to 6/30/08
U.S. Department of Education
Pass-through agency – Texas Education Agency

Condition: Final expenditure reports, due to the Texas Education Agency by August 15, 2008 for programs ending June 30, 2008, were filed October 31, 2008.

Criteria: Expenditure reports should be filed on a timely basis.

Perspective Information: None of the reports were filed timely.

Cause: The Texas Education Agency notified the District on July 22, 2008 that it was being identified as a high-risk grantee, requiring that all expenditure reports be accompanied by supporting documentation for all grant expenditures. The compiling of this volume of information took additional time.

Effect or Potential Effect: The awarding agency could have chosen not to reimburse the expenditures that were not submitted timely.

Recommendation: Funds requested with the final reports have all been received. Effective January 2, 2009, the high-risk grantee status has been lifted. Future expenditure reports should be filed on a timely basis.

2008-5: Adult Basic Education –Regular

Grant No. 84100017110174

Grant Period 7/1/07 to 6/30/08

U.S. Department of Education

Pass-through agency – Texas Education Agency

Condition: No rationale was provided to support the funding split for two adult education teacher salaries (\$6,354). Also, the funding split shown on their time and effort documentation was completed by the supervisor, not the employees. One employee salary was charged to the program that had no connection to the program (\$54).

Questioned Costs: \$6,408.

Criteria: OMB Circular A-87 requires employees to prepare time and effort reports, at least monthly, which must reflect an after-the-fact distribution of 100% of the actual time spent on each activity and must be signed by the employee.

Perspective Information: Out of a total payroll of \$79,080 for this program, \$6,443 of the costs were tested.

Cause: Program administrators and employees were not aware of the requirement.

Effect or Potential Effect: Ineligible salary amounts could be charged to the program, which could be disallowed by the oversight agency, resulting in loss of funding.

Recommendation: Training should be held to make administrators and grant employees aware of the requirement. Administrators should put procedures in place to require employees to document their actual time spent on each grant activity at least monthly. This documentation should be signed and dated by the employee.

2008-6: ESEA Title I, Part A – Improving Basic Programs

Grant No. 8610101126903
Grant Period 7/1/07 to 6/30/08
U.S. Department of Education
Pass-through agency – Texas Education Agency

Condition: ESEA Title I, Part A funds were not allocated to five of the Title I campuses in the correct ranking order, based on the percentages of low income students for those campuses.

Criteria: Title I funds must be allocated to each participating campus based on the total number of low income children residing in the area or attending the school.

Perspective Information: Title I funds were not allocated in the correct ranking order for three of the six elementary campuses served and for both of the middle school campuses served. The per pupil expenditures not allocated properly among the affected campuses were \$180 for the elementaries and \$43 for the middle schools.

Cause: Campus allocations were not initially budgeted in correct ranking order, appropriately monitored during the grant, or reviewed prior to submitting the final grant expenditure report.

Effect or Potential Effect: Title I funds could be required to be returned to the Texas Education Agency due to the over-allocation of funds at certain campuses.

Recommendation: Evaluate the 2008-09 Title I per pupil expenditures by campus as soon as possible, adjusting funding among campuses as needed to meet the ranking requirements. Monitor the per-pupil campus spending at least quarterly, and review the final per-pupil campus expenditures before submitting the final grant expenditure report. For future program years, also set the initial Title I budget based on the ranking order.

2008-7: ESEA Title I, Part A – Improving Basic Programs

Grant No. 8610101126903
Grant Period 7/1/07 to 6/30/08
U.S. Department of Education
Pass-through agency – Texas Education Agency

Condition: The District requested Title I reimbursement for a \$9,773 check that did not clear the bank and for which goods were not received.

Criteria: Costs claimed must be charges for actual costs incurred.

Questioned Cost: \$9,773

Perspective Information: The check was dated April 29, 2008, and was still shown as outstanding in November 2008 at the time the audit procedures began. The District never received the goods for which the check was written.

Cause: The check was written without verifying that goods were received. Also, the outstanding check list was not reviewed at the end of the program period.

Effect or Potential Effect: The vendor could have received and deposited the check, even though no goods or services were provided.

Recommendation: The District has already notified the Texas Education Agency of this correction and it has been reflected in the final expenditure report. Receipt of goods should be verified prior to checks being written. The outstanding check list for each program should be reviewed before the end of the program period, so that corrections can be made on the final expenditure report, if needed.

2008-8: ESEA Title I, Part A – Improving Basic Programs

Grant No. 8610101126903 and 9610101126903

Grant Periods 7/1/07 to 6/30/08 and 7/1/08 to 6/30/09

U.S. Department of Education

Pass-through agency – Texas Education Agency

Condition: For three field trips that were not allowable costs, bus driver salaries were charged to the 2007-08 grant (\$613). Also, one aide salary was charged to the 2008-09 grant that, per District personnel, was not a Title I aide (\$1,564).

Criteria: Only allowable costs under the grant agreement should be charged to the program.

Questioned Costs: \$2,177

Perspective Information: Extra-duty pay of \$613 was tested, out of a total of \$4,697 charged to the 2007-08 program. For the 2008-09 program, salaries of \$6,142 were tested, out of a total of \$91,537 expended by August 31, 2008.

Cause: Field trips were not properly evaluated for allowability. The aide's position was not properly set up in the payroll system.

Effect or Potential Effect: Ineligible salary amounts could be disallowed by the oversight agency, resulting in loss of funding.

Recommendation: Account coding for salaries and extra duty pay should be evaluated in the payroll system prior to the funds being expended.

2008-9: ESEA Title I, Part A – Improving Basic Programs

Grant No. 7610101126903

Grant Period 7/1/06 to 6/30/07

U.S. Department of Education

Pass-through agency – Texas Education Agency

Condition: The \$15,289 refund due to the Texas Education Agency for the 2006-07 program was not paid until January 2009.

Criteria: Overpayments of funding should be remitted in a timely manner.

Perspective Information: The overpayment was discovered during the 2006-07 annual audit. The District was notified about the overpayment in January 2008.

Cause: Unknown

Effect or Potential Effect: Future funding could be affected.

Recommendation: Overpayments of funding should be identified and remitted promptly.

2008-10: ESEA Title I, Part A – Improving Basic Programs and IDEA – Part B, Formula and Preschool

Grant No. 8610101126903 and 86600011269036600

Grant Periods 7/1/07 to 6/30/08

U.S. Department of Education

Pass-through agency – Texas Education Agency

Condition: For six vendors paid \$25,000 or greater, the District had no documentation showing it verified that the vendors were not on the federal government's list of suspended and debarred parties.

Criteria: Federal grant programs are prohibited from contracting for goods or services with parties that have been suspended or debarred by the federal government, when the amount paid is expected to equal or exceed \$25,000 for the program year. A District must maintain documentation that it has verified the vendor's status by either (1) checking the List of Parties Excluded from Federal Procurement or Nonprocurement Programs, issued by the General Services Administration (available online at <http://www.amet.gov/eplsl>), (2) obtaining a signed certification statement from the vendor, or (3) including the certification wording in the contract with the vendor.

Perspective Information: The programs above paid six vendors \$25,000 or more. The District had not verified that the vendors were not on the suspended or debarred party list, but, as part of the audit, the vendor names were checked against the online list above; none were found to be suspended or debarred parties.

Cause: The District was unaware of this requirement.

Effect or Potential Effect: The District could inadvertently expend funds to a party that has been debarred or suspended and could lose federal funding for those expenditures.

Recommendation: Training should be held to make grant program administrators aware of this requirement. At the start of each grant and periodically throughout the grant period, program administrators should identify the vendors that are anticipated to

exceed the \$25,000 threshold. The District should use one of the three methods above to verify and maintain documentation of each vendor's status.

2008-11: ESEA Title I, Part A – Improving Basic Programs and ESEA Title II, Part A – Teacher And Principal Training

Grant No. 8610101126903 and 9610101126903 (Title I);

8694501126903, and 9694501126903 (Title II)

Grant Periods 7/1/07 to 6/30/08 and 7/1/08 to 6/30/09

U.S. Department of Education

Pass-through agency – Texas Education Agency

Condition: Employee job descriptions were (1) generic; they had only a job position, not the employee name and grant period on them, (2) were not signed or dated by the employee, and (3) were not in the employee's file and were not provided to the employee.

Criteria: Salaries and wages must be supported by appropriate documentation. The Texas Education Agency's investigative report to the District for previous grant years, dated July 11, 2008, disallowed a payroll cost that had been fully charged to a federal program because the job description provided was not signed or dated and did not indicate the applicable grant period.

Perspective Information: \$212,273 in fully-charged salaries was tested for Title I, of a total of \$1,131,010 in program salaries for July 1, 2007 to August 31, 2008. \$136,473 in fully-charged salaries was tested for Title II, of a total of \$256,694 in program salaries for July 1, 2007 to August 31, 2008.

Cause: The District was unaware that the Texas Education Agency recommends this, until receipt of the investigative report referred to above.

Effect or Potential Effect: Salary amounts charged to the program could be disallowed by the oversight agency, resulting in loss of funding.

Recommendation: The District should consider having job descriptions signed and dated by the employee and writing the grant period and date on them. Job descriptions should be made available to the employee and placed in the employee's file, to show that the employee is aware of his/her duties and salary funding source(s), and to establish that the job description kept by the District is a true description of the employee's duties.

2008-12: ESEA Title I, Part A – Improving Basic Programs; IDEA – Part B, Formula and Preschool; and ESEA Title II, Part A – Teacher And Principal Training

Grant No. 8610101126903, 86600011269036600, and 8694501126903

Grant Periods 7/1/07 to 6/30/08

U.S. Department of Education

Pass-through agency – Texas Education Agency

Condition: Some expenditures lacked adequate supporting documentation; some exceeded the approved purchase order amount; some were for unallowable travel advances; some had data entry errors when corrections were made.

Criteria: Costs claimed should be supported by appropriate documentation. Travel advances are only allowable if approved by Board policy.

Questioned Costs: ESEA Title I - \$302 (3 items); IDEA – Part B - \$726 (2 items); ESEA Title II - \$701 (8 items).

Perspective Information: Twenty disbursements were tested for each program.

Cause: Internal control deficiencies noted in finding 2008-1 above. Also, travel advances had not been addressed in Board policy.

Effect or Potential Effect: Costs could be disallowed by the oversight agency, resulting in loss of funding.

Recommendation: See finding 2008-1 above. Also, Board policy should be approved that addresses travel advances, or these should not be charged to the grant program.

2008-13: IDEA – Part B, Formula and Preschool

Grant No. 86600011269036600 and 96600011269036600

Grant Period 7/1/07 to 6/30/08 and 7/1/08 to 6/30/09

U.S. Department of Education

Pass-through agency – Texas Education Agency

Condition: Daily schedules for four of the five employees tested lacked sufficient documentation: (1) four were not signed or dated by the employee, (2) one did not indicate the applicable school year, and (3) two did not indicate the employee's connection to the special education program, but only listed the class periods and subjects.

Criteria: Salaries and wages that are funded between multiple sources (split-funded) must be supported by appropriate time and effort documentation. The Texas Education Agency's investigative report to the District for previous grant years, dated July 11, 2008, disallowed payroll costs that were charged to a federal program because the weekly schedules provided were not signed or dated and did not indicate the applicable grant period.

Perspective Information: Audit tests were conducted on five employee salaries that were split-funded; \$52,859 of those salaries were charged to IDEA-B.

Cause: The District was unaware that the Texas Education Agency recommends this, until receipt of the investigative report referred to above.

Effect or Potential Effect: Salary amounts charged to the program could be disallowed by the oversight agency, resulting in loss of funding.

Recommendation: The District should consider having daily schedules signed and dated by the employee. The school year should be included on the schedule, as well as the employee's connection to the IDEA-B program.

2008-14: ESEA Title II, Part A – Teacher And Principal Training

Grant No. 8694501126903

Grant Period 7/1/07 to 6/30/08

U.S. Department of Education

Pass-through agency – Texas Education Agency

Condition: On the payroll system and general ledger, \$87,579 in salaries was charged to the Title II, Part A program that should not have been, based on class-size reduction data. However, when combined with other coding errors, the end result was that \$12,962 less was charged to the program than the \$258,611 in salaries that should have been.

Criteria: Salaries and wages must be supported by appropriate documentation.

Perspective Information: \$206,850 in salaries was tested; \$63,990 of this was found to have been charged to the program in error.

Cause: Changes to the payroll coding during the year, based on updated information regarding which campuses could utilize class-size reduction teachers, were made incorrectly in the payroll system.

Effect or Potential Effect: Unallowable salary amounts could be disallowed by the oversight agency, resulting in loss of funding.

Recommendation: Account code corrections made in the payroll system should be reviewed carefully by management.

III. Findings and Questioned Costs for Federal Awards Including Audit Findings as Described in I.f Above

See 2008-1 and 2008-4 through 2008-14 above.